

PART III FOOTNOTES

When footnotes are either required in the instructions or are necessary for clarification, they are prepared, and submitted via Internet along with Parts I and II of the report. Footnotes should be entered in the designated area and referenced to the appropriate line item.

TAX AND TARIFF RECEIVABLES: Additional Instructions

Part I: Status of Receivables

Section A- Receivables and Collections - These additional instructions are applicable to agencies that report tax and tariff receivables, i.e. the Internal Revenue Service, Bureau of Alcohol, Tobacco and Firearms, and U.S. Customs Service.

By Line

- (3) Current Beginning Balance. Receivables outstanding as of the beginning of the fiscal year include all taxes and tariffs assessed in the "Principal" column and all accrued interest and penalties assessed in the "Interest and Late Charges" column.
- (4) Net New Receivables. All tax and tariff assessments generated during the reporting period shall be reported in the "Principal" column; all *interest and penalties due at the time of assessment* shall be reported in the "Interest and Late Charges" column.
- (6) Collections on Receivables. Collections during the reporting period shall not include prepayments and duplicative Trust Fund recovery penalties.
- (8) A. Reclassified/Adjusted Amounts. Include abatements of tax, interest, and penalties that occur during the reporting period.
- (9) Amounts Written Off. Include accounts classified as currently not collectible, OIC reductions, and discharges in bankruptcy that occur during the reporting period as amounts written off.

Part II: Debt Management Tool and Technique Performance Data

FMS realizes that much of the data requested in this part may not apply to tax and tariff debt. Agencies reporting tax and tariff debt information should use only those categories which specifically apply; generally, most debt would be classified at “at agency.”

GLOSSARY

<u>Administrative Offset.</u>	Withholding money payable by the Government to or held by the Government for a person or entity to satisfy a debt that the person or entity owes the Government.
<u>Agency Counsel.</u>	An entity established within a government organization to handle its legal matters.
<u>Civil Monetary Penalty.</u>	Any penalty, fine, or other sanction for a specific monetary amount imposed by Federal agencies for violations of Federal law and regulations.
<u>Close Out.</u>	An event that occurs concurrently with or subsequent to an agency decision to write-off a debt for which the agency has determined that future additional collection attempts would be futile. At close out, an agency reports to the IRS the amount of the closed out debt as income to the debtor on IRS Form 1099-C, in accordance with Treasury requirements. No additional collection action may be taken by the agency after issuing the IRS Form 1099-C.
<u>Bankruptcy.</u>	A process established under Federal law whereby a debtor may seek relief from the claims of creditors.
<u>Cross-Servicing.</u>	Collections of debt by an organization on behalf of another agency.
<u>Debt Collection.</u>	The recovery of amounts due after routine follow-up fails. This activity includes the assessment of the debtor's ability, the exploration of possible alternative arrangement to increase the debtor's ability to repay, and other efforts to secure payment.
<u>Defaulted Guaranteed Loan.</u>	A receivable created when the Government acquires a guaranteed loan in satisfaction of a default or other claim.

Delinquent.

The failure of the debtor to pay an obligation by the date specified in the agency's initial written notification or applicable contractual agreement, unless other satisfactory payment arrangements have been made by that date. Delinquency would also occur if, at anytime thereafter, the debtor fails to satisfy the obligations under the payment arrangement with the credit agency.

If the debtor fails to pay the debt by the specified date, the debt is delinquent and the "date of delinquency" is the day given as the payment due date for contractual agreements or the day notification of the debt was mailed, as appropriate.

If any part of a debt has been delinquent more than 180 days, agencies should report the entire amount of the debt as delinquent.

Direct Loan.

A receivable created when the Government agrees to disburse funds and contracts with the debtor for repayment, with or without interest.

Foreclosure.

An involuntary payment of a debt secured by a mortgage by seizing the mortgaged property.

Interest.

The charge assessed as a cost of extending credit as distinguished from late payment interest charged on a delinquent debt. Interest costs for extending credit would only accrue on current receivables (that is, those receivables due within the next year).

Late Charges.

The amounts accrued and assessed on a delinquent debt. Late charges include the following:

- Administrative costs: costs incurred in processing and handling a delinquent debt. Costs should be based on actual costs incurred or cost analyses which estimate the average of actual additional costs incurred for particular types of debt at similar stages of delinquency. Administrative costs should be accrued and assessed from the date of delinquency.

- Penalties: a punitive charge assessed for delinquent debts. The rate to be assessed is set by law at no more than 6% per year and is assessed on the portion of a debt remaining delinquent more than 90 days, although the charge will accrue and be assessed from the date of delinquency. Penalties should be assessed unless otherwise provided in legislation or a contractual agreement.
- Late payment interest: the charge assessed on delinquent debts based on the time value of money owed and not paid when due. As established by the Debt Collection Act of 1982, the minimum annual rate to be assessed is the Department of the Treasury's Current Value of Funds Rate. A higher rate may be used if judged by the agency as necessary to protect the Government's interests. Late payment interest is accrued and assessed from the date of delinquency, and should be assessed unless otherwise provided in legislation or a contractual agreement. Additionally, late payment interest may be waived by the agency at any time (must then be written off) or it may accrue indefinitely.

Litigation.

A legal action or process taken for full or partial debt recovery.

Principal.

The amount owed by the debtor to the Government, excluding interest, penalties, administrative costs, fees, and prepaid charges.

Receivable.

An amount owed the Government by an individual, organization, public entity (for example, state and local governments) or other entity to satisfy a debt or claim. Examples of receivables generated by Government activities include, but are not limited to, amounts due for taxes, loans, sales of goods and services, fees, fines, penalties, forfeitures, interest, overpayments of salaries and benefits. If an individual/entity has been billed, and the debt is under appeal, the debt is considered a receivable.

Rescheduled.

Modifying terms and conditions to facilitate repayment of a debt, which includes establishing new terms as a result of changes in authorizing legislation. An example is Congressional action allowing farmers to have an additional five years to pay off their

loans. Rescheduling is also called restructuring, refinancing, and reamortizing. Rescheduled receivables are not considered delinquent unless they are non-performing.

Wage Garnishment.

The process of collecting a debt by taking up to 15% of an individual's private sector disposable income, without the individual's consent.

Write-Off.

An event that occurs when an agency official determines, after all appropriate collection tools and techniques have been used, that a debt or a portion of a debt is uncollectible. The uncollectible amount is removed from an entity's receivables, however collection attempts are made after receivables are removed. Department of Justice concurrence is required for write-offs or compromises of debts greater than \$100,000. If a debt is compromised, the amount no longer due should be reported as written off.

Report on Receivables Due From the Public

Fiscal Year: _____

Quarter: _____

Reporting Entity Code: _____

Type of Receivable: Direct Loans: _____

Defaulted Guaranteed Loans: _____

Administrative: _____

Part 1 - Status of Receivables

	DOLLARS		
	Number	Principal	Interest & Late Charges
Section A			
Receivables and Collections			
(1) Prior FY Ending Balance			
(2) Prior FY Adjustments (+ or -)			
(3) Current Beginning Balance			
(4) New Receivables			
(A) Gross (+)			
(B) Adjusted (-)			
(C) Net New Receivables (+)			
(5) Accruals (+)			
(6) Collections on Receivables (-)			
(A) At Agency			
(B) Other Third Party			
(C) Wage Garnishment			
(D) Private Collection Agencies			
(E) Designated Debt Collection Center(s)			
(F) Treasury Cross Servicing			
(G) Treasury Offset Program			
(H) Foreclosure			
(I) Litigation			
(J) Asset Sales			
(7) Consolidations (-)			
(8) Adjustments			
(A) Reclassified/Adjusted Amounts (+ or -)			
(B) Estimated Value of Acquired Property (-)			
(C) Estimated Loss on Collateralized Debts (-)			
(D) Adjustments Due to Sale of Assets (+ or -)			
(9) Amounts Written Off (-)			
(10) Ending Balance			
(A) Foreign			
(B) State and Local Government			
(C) Non-Government, Domestic			
(11) Rescheduled Debt			
(A) Performing			
(B) Non-Performing			

Part 1 - Status of Receivables			
	DOLLARS		
	Number	Principal	Interest & Late Charges
Section B			
Civil Monetary Penalties			
(1) Current Beginning Balance			
(2) Civil Monetary Penalties Imposed (+)			
(3) Collections (-)			
(4) Adjustments (+ or -)			
(5) Amounts Written Off (-)			
(6) Total Outstanding			
(7) Delinquencies			
Section C			
Delinquent Debt by Age			
(1) Total Delinquencies			
(A) 1-90 Days			
(B) 91-180 Days			
(C) 181 Days - 6 Years			
(D) 6-10 Years			
(E) Over 10 Years			
(2) In Bankruptcy (-)			
(3) Foreign Debt (-)			
(4) Adjusted Delinquencies			
(A) 1-90 Days			
(B) 91-180 Days			
(C) 181 Days - 6 Years			
(D) 6-10 Years			
(E) Over 10 Years			
(5) State or Local Government Debt			

Report on Receivables Due From the Public

Fiscal Year _____

Quarter _____

Reporting Entity Code: _____

Type of Receivable: Direct Loans: _____

Defaulted Guaranteed Loans: _____

Administrative: _____

Part II - Debt Management Tool and Technique Performance Data	DOLLARS		
	Number	Principal	Interest & Late Charges
Section A			
Delinquent Debt 180 Days or Less			
(1) At Agency			
(2) In Wage Garnishment			
(3) At Private Collection Agencies			
(4) At Treasury Cross Servicing			
(5) At Treasury for Offset			
(6) In Litigation			
Section B			
Delinquent Debt 181 Days and Over			
(1) At Agency			
(A) Under Appeal			
(B) Forbearance Programs			
(C) Internal Agency Offset			
(D) Agency Counsel Activity			
(2) At Other Third Party			
(3) In Wage Garnishment			
(4) Scheduled for Sale			
(5) At Private Collection Agencies			
(A) At Private Collection Agencies Only			
(6) At Designated Debt Collection Center(s)			
(7) At Treasury Cross Servicing			
(8) At Treasury for Offset			
(A) At Treasury for Offset Only			
(9) In Foreclosure			
(10) In Litigation			
(11) In Other			

Part II - Debt Management Tool and Technique Performance Data		DOLLARS	
		Number	Interest & Late Charges
Section C			
Debt Disposition			
(1) Written Off and Not Closed Out			
(A) At Private Collection Agencies			
(B) At Designated Debt Collection Center(s)			
(C) At Treasury for Cross Servicing			
(D) At Treasury for Offset			
(E) Other			
(2) Reported to IRS on Form 1099-C			
Section D			
Costs Associated with Collection Techniques and Tools			
(1) Agency Cost			
(2) Other Third Party			
(3) Wage Garnishment			
(4) Asset Sales			
(5) Referrals to Private Collection Agencies			
(6) Designated Debt Collection Center(s)			
(7) Referrals to Treasury Cross Servicing			
(8) Treasury Offset Program			
(9) Foreclosure			
(10) Litigation			
(11) Other			
Part III - Footnotes			
Agency Contact Information			
Preparer's Name:	_____	Telephone Number:	_____
Preparer's Facsimile No.:	_____	E-Mail Address:	_____
Supervisor's Name:	_____	Telephone Number:	_____
Address:	_____		
City:	_____	State:	_____ Zip Code: _____